

away through secret negotiations and without input from those who will be affected or their advocates.

MEDICAID PHARMACY, REIMBURSEMENT FOR PRESCRIPTIONS

Mr. VOINOVICH. Mr. Chairman, I applaud your leadership on the Medicare and Medicaid portion of this reconciliation package and am committed to working with you to achieve reductions in mandatory spending programs under your jurisdiction as instructed in the congressional budget resolution. I believe that it is necessary to maintain fiscal constraint and recognize the difficult task involved in achieving that end while ensuring that the country's health care safety net remains available for our citizens who truly need it the most.

As we move forward in advancing that goal, I understand that there are several changes included in the reconciliation package being considered today that address Medicaid pharmacy reimbursement for prescription drugs dispensed in the pharmacy setting. I know you and your staff worked very hard to craft the Medicaid provisions contained in this legislation and that we both share the common goal of ensuring that Medicaid beneficiaries continue to have access to cost-effective prescription drugs reimbursed at an appropriate rate.

In that light, I understand that it is not your intent to inadvertently disrupt the highly efficient drug distribution system responsible for assuring access to needed drugs across the Nation's pharmacies. I think we both believe that the drug distribution system can best be preserved if prompt-pay discounts paid to distributors are excluded from the new Medicaid pharmacy reimbursement methodology. Was this the Chairman's intention?

Mr. GRASSLEY. I do recognize the valuable role drug distributors play in the delivery of prescription medication and our Nation's health care and did intend to exclude prompt pay discounts from the methodology.

I say to my colleague from Ohio that I will work with him to ensure that my intention to exclude the discounts is preserved through the conference and enacted into law.

Mr. VOINOVICH. I thank the chairman and look forward to working with him in this effort. I know he agrees with me that Congress should not establish a Medicaid pharmaceutical reimbursement system that might discourage manufacturers from paying distributors prompt-pay discounts if wholesalers pay their bill prior to their contractual obligation—a practice that has occurred for the past 30 years.

We both understand that the drug distribution system has consistently ensured that every pharmacy in the Nation has access to prescription drugs in a timely manner. This system is highly complex but provides an extremely efficient delivery model that reduces health care costs to the overall health care system.

Within the system, pharmaceutical distributors are able to reduce the cost by minimizing the overall number of transactions required to distribute prescription drugs, over-the-counter products, and medical supplies. Nationally, wholesalers serve more than 130,000 customers. The typical distributor purchases products from an average of 850 vendors. These distributors take ownership of the products and responsibility for warehousing and distributing individual orders to retail pharmacies and other sites of care on a daily basis. This efficient model ensures that pharmacies have pharmaceutical products available for their patients.

I look forward to working with Chairman GRASSLEY to maintain this current drug distribution system and to ensure that when the legislation before us is enacted into law, it clearly excludes prompt-pay discounts from the pharmacy reimbursement methodology that will be used to pay pharmacies for drugs dispensed to Medicaid beneficiaries.

MEDICARE BAD DEBT, COLLECTION

Mrs. LINCOLN. I will discuss today with my distinguished colleague from Idaho, Senator CRAPO, to discuss the change in Medicare bad debt policy as proposed in this budget reconciliation bill. I feel there is a need to differentiate between debt owed by individuals and debt owed by States. The sponsors of this policy argue that it will encourage skilled nursing facilities to be more efficient in the collection of bad debt. However, how can the facility be more efficient if the state simply refuses to pay the Medicare copayments through its Medicaid program? In 2003, nursing homes in my home state of Arkansas never received the \$589,263 in coinsurance owed to them from the Medicaid program. This body should examine the root of this problem before implementing the bad debt policy in this bill. It is my hope that the conference committee considers this when examining this policy.

Mr. CRAPO. Senator LINCOLN makes a good point. While I support the Finance Committee's goal of encouraging accountability and incentivizing the collection of Medicare bad debt by skilled nursing facilities, I do see the need to differentiate between debt owed by individuals and debt owed by States. I believe this conference should consider this point as well.

Ms. MIKULSKI. Mr. President, I would like to take this opportunity to say how deeply concerned I am over the wrong priorities in the spending reconciliation bill that is before us today.

The United States faces a Federal deficit of \$331 billion for fiscal year 2005 alone, according to the Congressional Budget Office. This is a complete turnaround from when President Bush took office just under five years ago. He inherited record budget surpluses and turned them into record deficits. Unfortunately, that has not stopped Republicans from pushing relentlessly for

the wrong priorities and irresponsible policies.

As a result, we now have encountered years of record deficits that have contributed to \$3 trillion added to our country's debt. Moreover, under President Bush's watch, American debt to foreigners has doubled. Japan holds \$680 billion of our debt, China holds \$240 billion, and the Caribbean Banking Centers hold over \$100 billion. Increasingly, our fate is in the hands of their central banks and investors.

We must take action so that we don't put this burden on our Nation's future generations. The budget reconciliation process was designed for such a situation: to give Congress the tools necessary for deficit reduction. Reconciliation could have offered us the opportunity to work across the aisle to take responsible steps toward reducing the deficit.

Instead, my colleagues on the other side of the aisle are pushing for the wrong priorities. Take for example their opposition to Senator CONRAD's commonsense amendment on fiscal responsibility. His amendment, called paygo, would have reinstated a rule meant to stop Congress from worsening the deficit. It was my hope that it would have once again served as a check against irresponsible spending or new rounds of tax cuts at a time when the Nation cannot afford them.

My colleagues across the aisle say that tough choices are needed to get our fiscal house in order. I agree—we should balance the federal budget just as every American must balance theirs, unless a natural disaster or other national crisis demands it. Anytime Congress wants to raise spending—or lower revenue—Congress should pause and be required to stand up to vote and defend its action. That is what this amendment would have required, but Republicans voted against fiscal responsibility.

Today, we are debating the spending reconciliation bill for fiscal year 2006, but it is only half of the equation. This bill makes \$39 billion in cuts to critical spending programs. Many of these cuts will directly hurt low- and middle-income Americans. The bill takes away Americans' access to health care and affordable housing and jeopardizes their pensions. The bill attacks important conservation efforts by cutting funding and opening up the Arctic National Wildlife Refuge to drilling. But the bill stays silent on lowering energy prices for working families who can no longer afford to pay their monthly gas bills. Simply put, it leaves too many Americans out in the cold.

In several weeks, the Senate will be taking up a tax reconciliation bill. That bill will cut taxes by \$70 billion, with an average giveaway of \$35,500 for those making more than \$1 million each year. Those with incomes between \$50,000 and \$200,000 would get just over \$100 on average. The difference is striking, but not so much as the fact that this will all be done under the Senate's